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HB 544 – Allow organization dues to be withheld from retirement benefit and paid directly to the organization

The Public Employees' Retirement Board (PERB) respectfully opposes this legislation.

- ❖ The PERB administers 10 retirement systems for the exclusive benefit of the retirees.
- ❖ The exclusive benefit is to pay benefits and necessary administrative costs only. The Board has difficulty justifying retirement funds for an administrative cost that is not a necessary cost.
- ❖ This legislation is a great benefit for the organization more so than the member.
- ❖ Retirees have other means to pay their association dues such as credit cards and banks that have normal processes in place for automatic withdrawals and deposits.
- ❖ The Public Employees' Retirement Board is not a financial institution.
- ❖ This legislation would impact the Board's budget; adding an additional ½ FTE to:
  - Ensure the organization meets the qualified organization definition
  - Track the annual elections for a variety of organizations
  - Reconcile the withholdings by organization
  - Respond to inquiries from the organizations and the retirees regarding the occurrence of events.
- ❖ There would also be implementation and ongoing costs including system enhancements, computer processing, mailings, and the creation of policies, rules and forms to administer this function.

- ❖ These costs would be expended to benefit a few rather than the whole or a majority of retirees.
- ❖ If this legislation is passed, other organizations that don't meet the criteria will continually try to open up the door in later sessions.
- ❖ If this legislation is considered, the Board requests an appropriation to cover the implementation and on-going costs or a means of recovering the costs by charging the association for this service.
- ❖ If this legislation is considered, we suggest that the "annual election" be reevaluated and offer a one-time election until withdrawn.
- ❖ We also suggest that January 1<sup>st</sup> effective date would be more appropriate and attainable:
  - Because of the calendar year tax basis for retiree benefits
  - Allows implementation time to ensure system changes, policies and rules.
- ❖ We urge you to consider the issues this bill will create. The Public Employees' Retirement Board recommends a "Do Not Pass".

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